

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

9 9 — 0 1 9

2. STATE:

Louisiana

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

October 21, 1999

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.250-272

7. FEDERAL BUDGET IMPACT:

a. FFY 1999-2000 \$ 409.35

b. FFY 2000-2001 \$ 447.57

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19-D, Pages 9.c.(1)

9.c.(2)

9.d.(1)

9.d.(2)

See attachment

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Att. 4.19-D, Page 9.c. (TN 95-01)

New Page

Att. 4.19-D, Page 9.d. (TN 95-01)

New Page

See attachments

10. SUBJECT OF AMENDMENT:

The purpose of this amendment is to convert the reimbursement methodology for SN/ID and SN/TDC services from a cost-based methodology to a prospective methodology.

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED: The Governor does not review state plan material.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

David W. Hood

14. TITLE:

Secretary

15. DATE SUBMITTED:

December 20, 1999

16. RETURN TO:

State of Louisiana
Department of Health and Hospitals
1201 Capitol Access Road
P.O. Box 91030
Baton Rouge, LA 70821-9030

17. DATE RECEIVED

19. EFFECTIVE DATE OF APPROVED MATERIAL

OCTOBER 21, 1999

21. TYPED NAME:

for CALVIN G. CLINE

23. REMARKS:

Pen & ink changes per state letter.

22. TITLE:

ASSOCIATE REGIONAL ADMINISTRATOR
DIV OF MEDICAID AND STATE OPERATIONS

Calvin G. Cline
May 8, 2001
Page 3

annual inflation adjustment? Please revise the plan language to indicate how the annual inflation adjustments will be calculated.

Application of an inflationary adjustment to reimbursement rates for non-fixed costs in non-rebasing years shall apply only in years when the legislature allocates funds for this purpose. The inflationary adjustment shall be limited to the amount appropriated by the Louisiana Legislature. Pages 9.c.(3) and 9.e have been revised.

In addition to the items addressed in the stop the clock letter, we have removed obsolete language concerning start up costs associated with establishing a SN/TDC unit within an existing facility. This language had been included on Pages 9.d.(2) and 9.e.

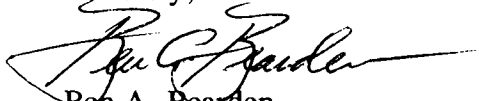
The attached pages are to be substituted according to the following chart, and Blocks 8 and 9 of HCFA 179 amended to read as follows:

Block 8	Block 9
Page 9.c.(1)	Page 9.c. (TN 95-01)
Page 9.c.(2)	New
Page 9.c.(3)	New
Page 9.d.(1)	Page 9.d. (TN 95-01)
Page 9.d.(2)	New
Page 9.e.	Same (TN 95-01)

Please consider this a formal request to begin the 90-day clock. It is anticipated that the above additional information will be sufficient to result in the approval of the pending state plan amendment. If further information is required, please contact Shirley Garland at (225) 342-3086.

We appreciate the assistance of Billy Bob Farrell in resolving these issues.

Sincerely,


Ben A. Bearden
Director

BAB/SMG

Attachments

STATE OF LOUISIANA

4. Enhanced Reimbursement

Payment for SN/ID and SN/TDC services shall be made using a prospective reimbursement methodology. This methodology utilizes the SN rate inflated to the applicable rate year plus an average allowable cost per day. The average allowable cost per day is determined by dividing total allowable ID/TDC costs by total ID/TDC days. Costs are categorized into four rate components (Direct Nursing Costs, Other Direct Care Services, Plant and Maintenance Costs, and Allocated Costs). The Direct Nursing Costs are inflated using the CPI-Medical Care-Consumer Index for All Urban Consumers-South Region. Other Direct Care Services, Plant and Maintenance Costs, and Allocated Costs are inflated using the CPI-All Items-Consumer Index for All Urban Consumers-South Region. The adjustment factor for each rate component is computed by dividing the value of the corresponding index for December of the year preceding the rate year by the value of the index one year earlier.

a. SN/ID (Skilled Nursing/Infectious Diseases)

Reimbursement for SN/ID services shall be limited to the same rates paid for care of SN recipients plus a prospective statewide enhancement to ensure reasonable access to appropriate services. The enhanced amount shall be based on average allowable incremental costs of all acceptable cost reports (submitted on the Department's cost report form and completed according to the Department's instructions) for the year on which rates are based and in accordance with guidelines for allowable incremental costs and inflated forward to reflect current costs. In addition, the following requirements must be met:

STATE	Louisiana
DATE RECD	12-31-99
DATE APFND	6-6-01
DATE EFF	10-31-99
HCFA 179	99-19
A	

- (1) The facility must have a valid Title XIX provider agreement for provision of nursing facility services;
- (2) The facility must be licensed to provide nursing services; and
- (3) The facility must have entered into a separate contractual agreement with the Bureau to provide SN/ID services in accordance with standards for the care of individuals with infectious diseases and meet all applicable staffing and service requirements applicable to this recipient population.

SUPERSEDES: TN-1A-95-01

TN# _____ Approval Date _____ Effective Date _____
Supersedes
TN# _____

STATE OF LOUISIANA

Allowable incremental costs for SN/ID include the following:

STATE <u>Louisiana</u>
DATE RECD <u>12-33-99</u>
DATE APFV'D <u>6-6-01</u>
DATE EFF <u>10-21-99</u>
HCFA 179 <u>99-19</u>
A

- (1) Direct Nursing Costs are based on the demonstrated salary and related benefits cost of nursing personnel directly related to providing SN/ID services. Nursing services personnel include head/charge nurse, registered nurses (RNs), licensed practical nurses (LPNs), nurse assistants, and orderlies. These costs exclude administrative nursing costs not directly related to patient care.

- (a) A minimum of 4.0 nursing hours per patient day for infectious disease residents is required. Costs for direct patient care in excess of 9.6 hours per patient day are not allowable on the SN/ID supplemental cost report.
- (b) The marginal portion of the demonstrated salary and related benefits cost of nursing service personnel directly related to providing SN/ID services in excess of nursing requirements for routine skilled nursing services will be allowed as SN/ID cost.

- (2) Other Direct Care Services are based on demonstrated appropriate services including the following:

- (a) Respiratory therapy, social services or any other specialized services that are directly attributable to SN/ID status and not covered in the SN rate.
- (b) Specialized nursing supplies related to SN/ID status must be supported by detailed justification that substantiates the cost of any specialized nursing supplies.
- (c) Specialized dietary needs related to SN/ID status must be supported by detailed justification that substantiates the cost of any specialized dietary needs.

- (3) Plant and Maintenance costs are based on demonstrated dependency on SN/ID special equipment. Costs associated with demonstrated enhanced infection control measures are included. Capitalized purchases are not included.

SUPERSEDES: NONE - NEW PAGE

TN# _____ Approval Date _____ Effective Date _____
Supersedes
TN# _____

STATE OF LOUISIANA

STATE	<u>Louisiana</u>
DATE RECD	<u>12-33-99</u>
DATE APFVD	<u>6-6-01</u>
DATE EFF	<u>10-21-99</u>
HCFA 179	<u>99-19</u>
A	

- (4) Allocated costs are based on the ration of direct nursing hours required for SN/ID services that are not covered in the regular skilled rate (1.4 hours per resident day) related to total facility direct nursing hours. The following costs are allocated: administrative and general, nursing administration (Director of Nursing), housekeeping, medical supplies, and dietary.
- (5) Incentive Factor is equal to 5% of the average incremental costs added to the enhanced rate in order to assure reasonable access to SN/ID services.

Facilities shall submit cost reports at the end of each 12 month period. Providers shall be required to segregate SN/ID costs from other long term care costs and to submit a supplemental cost report which shall be subject to audit. No duplication of costs shall be allowed and allowable costs shall be in accordance with Medicare cost principles.

The Department will review Medicaid costs and payments annually to insure the reimbursement rates remain reasonably related to costs by comparing total Medicaid allowable costs from the latest available audited and/or desk reviewed cost reports to total Medicaid payments for that year.

Rates will be rebased in subsequent years by determining average costs (total allowable ID costs divided by total ID days) using the latest available audited and/or desk reviewed specialized services cost reports. Costs will be inflated as described above and a five percent (5%) incentive factor added. The rate will be finalized by adding the skilled reimbursement rate effective for the same rate period. Base rate adjustments will result in a new base rate component which will be used to calculate the rate for subsequent years. A base rate adjustment may be made when the event, or events, causing the adjustment is not one that would be reflected in inflationary indices.

Application of an inflationary adjustment to reimbursement rates for non-fixed costs in non-rebasing years shall apply only in years when the legislature allocates funds for this purpose. The adjustment shall be limited to the amount appropriated by the State Legislature.

SUPERSEDES: NONE - NEW PAGE .

TN# _____ Approval Date _____ Effective Date _____
Supersedes
TN# _____

STATE OF LOUISIANA

b. SN/TDC (Skilled Nursing/Technology Dependent Care)

Reimbursement for SN/TDC services shall be limited to the same rates paid for care of SN recipients plus a prospective statewide enhancement to ensure reasonable access to appropriate services. The enhanced amount shall be based on average allowable incremental costs of all acceptable cost reports (submitted on the Department's cost report form and completed according to the Department's instructions) for the year on which rates are based and in accordance with guidelines for allowable incremental costs and inflated forward to reflect current costs. In addition, the following requirements must be met:

- (1) The facility must have a valid Title XIX provider agreement for provision of nursing facility services;
- (2) The facility must be licensed to provide nursing services; and
- (3) The facility must have entered into a separate contractual agreement with the Bureau to provide SN/TDC services in accordance with standards for the care of technology dependent recipients and meet all applicable staffing and service requirements applicable to this recipient population.

Allowable incremental costs for TN/TDC include the following:

- (1) Direct Nursing Costs are based on the demonstrated salary and related benefits cost of nursing service personnel directly related to providing SN/TDC services. Nursing service personnel include head/charge nurse, registered nurses (RNs), licensed practical nurses (LPNs), nurse assistants and orderlies. These costs exclude administrative nursing costs not directly related to patient care.
 - (a) A minimum of 4.5 nursing hours per patient day for technology dependent care residents is required. Costs for direct patient care in excess of 9.6 hours per patient day are not allowed.
 - (b) The marginal portion of the demonstrated salary and related

STATE <u>Louisiana</u>
DATE RECD <u>12-31-99</u>
DATE APPVD <u>6-6-01</u>
DATE EFF <u>10-31-99</u>
HCFA 179 <u>99-19</u>
A

SUPERSEDES: TN • LA-95-01

TN# _____ Approval Date _____ Effective Date _____
Supersedes
TN# _____

STATE OF LOUISIANA

benefits cost of nursing service personnel directly related to providing SN/TDC services in excess of nursing requirements for routine skilled nursing services will be allowed as SN/TDC costs.

- (2) Other Direct Care Services are based on demonstrated appropriate services including the following:

STATE	LOUISIANA
DATE REC'D	12-23-99
DATE APV'D	6-6-01
DATE EFF	10-31-99
HCFA 179	99-19
A	

- (a) Respiratory therapy, social services or any other specialized services that are directly attributable to SN/TDC status and not covered in the SN rate.
- (b) Specialized nursing supplies related to SN/TDC status must be supported by detailed justification that substantiates the cost of any specialized nursing supplies.
- (c) Specialized dietary needs related to SN/TDC status must be supported by detailed justification that substantiates the cost of any specialized dietary needs.

- (3) Plant and Maintenance costs are based on demonstrated dependency on SN/TDC special equipment. Capitalized purchases are not included.
- (4) Allocated Costs are based on the ration of direct nursing hours required for SN/TDC services that are not covered in the regular skilled rate (1.9 hours per resident day) related to total facility direct nursing hours. The following costs are allocated: administrative and general, nursing administration (Director of Nursing), housekeeping, medical supplies, and dietary.
- (5) Incentive Factor is equal to 5% of the average allowable incremental costs added to the enhanced rate, in order to assure reasonable access to TN/TDC services.

Facilities shall submit cost reports at the end of each 12 month period. Providers shall be required to segregate SN/TDC costs from other long term care costs and to submit a supplemental cost report which shall be subject to audit. No duplication of costs shall be allowed and allowable costs shall be in accordance with Medicare cost principles.

SUPERSEDES: NONE - NEW PAGE

TN# _____ Approval Date _____ Effective Date _____
Supersedes
TN# _____

STATE OF LOUISIANA

The Department will review Medicaid costs and payments annually to insure that the reimbursement rates remain reasonably related to costs by comparing total Medicaid allowable costs from the latest available audited and/or desk reviewed cost reports to total Medicaid payments for that year.

Rates will be rebased in subsequent years by determining average costs (total allowable TDC costs divided by total TDC days) using the latest available audited and/or desk reviewed specialized services cost reports. Costs will be inflated as described above and a five percent (5%) incentive factor added. The rate will be finalized by adding the skilled reimbursement rate effective for the same rate period. Base rate adjustments will result in a new base rate component which will be used to calculate the rate for subsequent years. A base rate adjustment may be made when the event, or events, causing the adjustment is not one that would be reflected in inflationary indices.

Application of an inflationary adjustment to reimbursement rates for non-fixed costs in non-rebasing years shall apply only in years when the legislature allocates funds for this purpose. The adjustment shall be limited to the amount appropriated by the State Legislature.

STATE <u>Louisiana</u>	A
DATE REC'D <u>12-33-99</u>	
DATE APPV'D <u>6-6-01</u>	
DATE EFF <u>10-21-99</u>	
HCFA 179 <u>99-19</u>	

SUPERSEDES: TN • LA 95-91

TN# _____	Approval Date _____	Effective Date _____
Supersedes		
TN# _____		